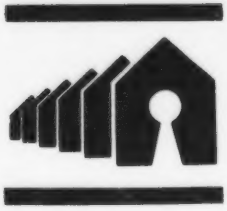

Annual Report 1987 / 88

with Interim Report to December 1988

Prince Edward Island
Housing Corporation

Letter of Transmittal

Prince Edward Island
HOUSING CORPORATION

HOUSING FOR ISLANDERS

P.O. Box 2000
Charlottetown, P.E.I. C1A 7N8

11 Kent Street
Charlottetown, P.E.I.
902/892/0311

The Honourable Lloyd G. MacPhail
Lieutenant Governor
Province of Prince Edward Island

Dear Sir:

On behalf of the Board of Directors, it is my privilege to submit to you the Prince Edward Island Housing Corporation Annual Report for the fiscal year ending March 31, 1988. Also included is an Interim Report for the period between April 1, 1988 and December 31, 1988.

Respectfully submitted,

Wayne D. Cheverie, Q.C.
Chairman and Minister Responsible

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Board of Directors

As at December 31, 1988

Honourable Wayne D. Cheverie, Q.C., Chairman
Minister Responsible for the
Prince Edward Island Housing Corporation

Robert Carruthers, Vice-Chairman
Alberton

Jack Callaghan, Secretary-Treasurer
Hillsborough Park

Carol Aitken
Souris

Ernest Beck
Alliston

Joan Connell
Charlottetown

Joseph Doran
Foxley River

Francis Flood
Charlottetown

Debbie MacLellan
Wellington

General Manager's Review

The activities of the Prince Edward Island Housing Corporation are directed at a social goal – to increase access to adequate housing. The pages of this report recount the programs and the expenditures that went toward achieving that goal in 1987/88. Yet, all of our activities take place within the context of an economic environment and ever changing needs and situations. Some observations on these factors may help to put the past year in perspective.

When the housing market performs well, housing access and security are also better assured. Generally, the housing market of 1988 performed very well. Housing starts reached record levels for the 1980s. The 1,151 starts P.E.I. recorded in 1988 were 23% more than in 1987 which itself was a relatively good year. Even as we attained this level of starts, the largest such increase in Canada, we have done so without the drastic price increases or market problems that have been seen in some other parts of this country. The absorption of the new housing into the market has been good, vacancy rates have been within desirable ranges and the rise in house prices has been reasonably moderate. Employment generated by housing starts has accounted for over 1,000 jobs in new construction alone, a very significant figure in an economy of our size. Our market does not require this level of housing production on a continuing basis, so it is probable that there will be fewer starts ahead, but the activity of the past year has contributed in a very positive way to the social and economic well being of the province.

There are, of course, housing needs that require more than just a healthy economy. In conjunction with the Federal Government and its housing agency, the Canada Mortgage and Housing Corporation, the Province has continued to operate a very sizeable social housing program. Our social housing role includes not only the construction of new housing for groups such as seniors, low income families, the disabled, those with special needs and those with severe housing affordability or adequacy problems, but also the ongoing administration of existing housing projects. the P.E.I. Housing Corporation oversees a portfolio of approximately 1,500 social housing units or about 15% of the province's total rental housing stock.

To date, our major social housing client group has been senior citizens. Not too many years ago the housing options available to seniors were severely limited. The Senior Citizens Housing that has been built in many local Island communities has been one very important contributor to a greatly improved housing situation for this group. Today, the needs of seniors are changing. Developments such as increased home services, better pensions, improved health care and expanded housing supply have helped to reduce the need to further construct fixed, self-contained housing, particularly in smaller communities where long term demand for this housing option has already sharply decreased. One thing that is becoming clear is that we will need more flexible ways to respond to seniors housing needs. Alternatives such as the possible

application of the garden suite concept have already generated interest and will be further explored. We will also need to look closely at our very sizeable existing housing stock and at ways that we can ensure its continued suitability for aging tenants.

One of the major highlights in the past year was the passage by the Provincial Legislature of the Rental of Residential Property Act. This Act does not take effect until January 1989, but it may well prove to be one of the most significant legislative initiatives of the past few years. One in four Island households rents its housing. The new Act adds protection and rights for both renters and property owners, provides security of tenure, states clear guidelines on obligations and responsibilities and establishes a dispute handling system that will be more accessible, quicker and less expensive. The Office of the Rentalsman will be replaced by a Residential Rental Property Division that will have a new mandate. This Division will be part of the Housing Corporation and will have an expanded staff complement. I know that they will face many challenges, but I am confident that the public will be better served.

The P.E.I. Housing Corporation will be celebrating its 20th anniversary in 1989. Like all ongoing organizations, it has experienced many changes over that 20 year period. This past year, however, has brought about an uncommon amount of change. In the Spring, the Provincial Government announced an early retirement program which several of our staff members accepted. I would like to recognize and thank these people for their many years of service; Vivian Howatt (29 years with the Provincial Government), Cecil Nicholson (18 years), Elwin Sherren (15 years), Duncan Cole (14 years), Glen Paterson (14 years) and John Dunphy (12 years). It is with some regret that we see these people leave the Corporation, as their experience represents a valuable asset to not only the Housing Corporation, but to the many people the Housing Corporation serves. Nevertheless, our best wishes for a happy retirement go out to these former employees.

Change will also continue into 1989. Our administrative office will be relocating to 3 Queen Street in Charlottetown and this office will no longer share a location with the Department of Community and Cultural Affairs. As a result, several of our long time staff members who worked for both agencies will be taking up full-time responsibilities with CCA. The Corporation's staff complement now consists of 42.5 full-time positions, of which three are presently vacant. This represents a reduction of over 40% in staff in the past decade, while still being able to establish five regional offices and manage a social housing portfolio which has grown by 64%. These changes have made it necessary for many of our staff to take on new work functions on top of their existing responsibilities. I would like to take this opportunity to publicly thank them for their co-operation and assistance in accepting these changes, and for continuing to provide a high level of service to the public.

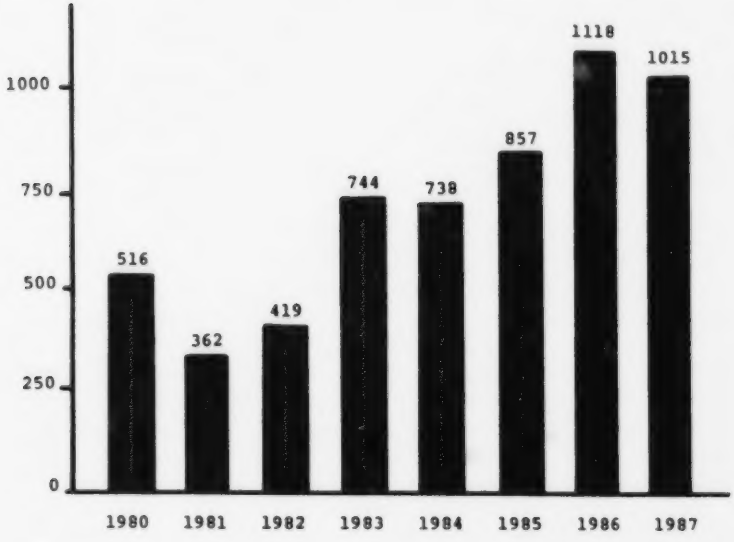
Ginger Breedon
General Manager

Highlights of 1987/88

- Introduction of the Second Mortgage Loan Program to ensure adequate mortgage financing is available in all parts of P.E.I. to first-time homeowners
- 1,000th Senior Citizens Housing unit in the P.E.I. Housing Corporation portfolio officially opened
- Construction started on 79 new housing units for seniors, families and special purpose groups
- Home repair grants provided to 333 senior citizen households
- Property management provided for 1,461 units of social housing
- New residential construction enjoyed another above average year as permits issued for 1,015 new housing units with an estimated construction spending in excess of $56 million

RESIDENTIAL BUILDING PERMITS

1980 - 1987



Program Activities

Emergency Home Repair Program for Seniors

Several changes were made to the Emergency Home Repair Program for Seniors in 1987/88 to help it better serve senior citizen households. The maximum grant amount was increased from $750 to $1,000. The maximum eligible income levels were raised to $12,500 for one person households and to $16,500 for households headed by a couple. Also, a new sliding assistance scale was introduced so that the actual grant amount would be related to the household's income. As in past years, the program continued to be available to homeowners of 60 years of age or over who need immediate repairs to their homes. Eligible work for the program includes only repairs that are emergency in nature and that affect the physical safety and health of the occupants or are needed to preserve the dwelling in a habitable condition. The grant can cover up to 50% of the repair costs.

The changes to the program guidelines helped the Emergency Home Repair Program for Seniors reach a total of 254 households in 1987/88 and provide $137,415 in grant assistance. Both of these assistance indicators stood as one year highs for the program. Approximately one in four approvals involved roof repairs. Other common types of repair items included chimneys, foundations and sewage systems.

Provincial Contribution to Seniors—Home Repair Program

Applicants to the Provincial Contribution to Seniors - Home Repair Program also benefitted in 1987/88 from changes made to the program assistance and eligibility criteria. These changes, which were consistent with those made in the Emergency Home Repair Program for Seniors, increased the maximum grant to $1,000, raised the maximum eligible household income level to $12,500 for one person households and $16,500 for couples, and introduced a sliding assistance scale to relate the amount of assistance available to the household's income.

The Provincial Contribution to Seniors - Home Repair Program serves a two-fold purpose. First, it provides assistance to modest income senior citizen homeowners to make repairs to their homes. Second, it supports local community groups in making effective use of federal job creation programs. This provincially funded program provides grants of up to $1,000 per household to be applied toward the cost of materials used by community home repair groups on the home. As a result, with the labour input from the job creation projects, repairs can be made at little or no cost to the seniors. Typical repairs include the replacement of doors and windows, the installation of insulation, the fixing of stairs, or other jobs requiring basic carpentry skills.

There were three community groups that operated home repair projects in 1987/88. These groups undertook their activities early in 1987 and by the time they had concluded almost a year later, they had assisted 79 senior citizens households. The individual activity of the groups was as follows:

	Approvals	P.C.S. Funding
Southern Kings Community Development Corporation	36	$22,200
West Prince Community Development Corporation	35	20,000
Eastern Kings Community Advisory Board	8	3,900
Totals	79	$46,100

Groups in Southern Kings and West Prince commenced taking new projects in early 1988.

Senior Citizens Housing

A milestone for the Senior Citizens Housing Program was reached in 1987 with the official opening of the 1,000th unit in the P.E.I. Housing Corporation portfolio. In a province the size of P.E.I., this represents a significant achievement. Fittingly, the opening was held in Souris where, 23 years earlier, the first Senior Citizens Housing residence in P.E.I. had been constructed. With the completion of this and four other buildings in 1987/88, the Corporation's total stock of Senior Citizens Housing stood at 1,047 on March 31, 1988. There were 38 different communities with Senior Citizens Housing.

New housing is added to the Senior Citizens Housing portfolio through two funding sources. One source involves Canada Mortgage and Housing Corporation's public non-profit housing program. The P.E.I. Housing Corporation acts as the sponsoring agency and is responsible for administering these projects. The subsidy costs for these buildings are fully covered by CMHC. New projects in Summerside (20 units) and St. Louis (4 units) received funding commitments from CMHC in 1987/88. The second funding source is the Provincial Government which fully funds the construction and operation of new housing as its share of social housing being created in P.E.I. Provincial funding was committed in 1987/88 to start construction on a 7 unit residence in Souris and a 4 unit residence in Georgetown.

Starts (Units)		Completions (Units)	
Summerside	20	Charlottetown	37
Souris	7	Montague	8
Georgetown	4	Souris	6
St. Louis	4	St. Charles	4
		South Rustico	4
	35		59

Family Housing

The completion of 44 units of Family Housing in four Island community areas in 1987/88 brought the total number of units under this program, as at March 31, 1988, to 314. Construction also commenced on another 28 units of Family Housing in the Province. On a community basis, the Family Housing starts and completions in 1987/88 can be grouped as follows:

Starts (Units)		Completions (Units)	
Charlottetown Area	14	Charlottetown Area	20
Summerside	8	Summerside	10
Montague	6	O'Leary	8
		Souris	6
	28		44

Of the 28 new units started, 20 were funded by the Federal Government under CMHC's non-profit housing program. The other 8 units were funded by the Province.

There are Family Housing units in nine different community areas in Prince Edward Island. Each of these nine areas has a local Housing Authority which manages the units. The members of the local Housing Authorities are local residents who provide their time without remuneration. The P.E.I. Housing Corporation is responsible for liaison with the Authorities and provides advisory assistance.

Special Purpose Housing

As part of the overall delivery of social housing, the Province has proceeded with several projects over the past few years to greatly improve the housing facilities available to those with special needs. The Wedgewood Manor in Summerside and the Hillsborough Special Care Center serve as examples of this commitment. In 1987/88, the Province approved two new projects to create better housing for adolescents who have been placed in the custody of the Province. A new group home was started in Mount Royal, in West Prince, to provide housing for special need adolescents in that area, while a facility was purchased and renovations commenced for a similar group home in Charlottetown. These buildings will be owned by the P.E.I. Housing Corporation and the residential care and supervision component will be provided through the Department of Health and Social Services. The acquisition and construction costs for these two facilities are being funded by the Province as part of its share of the social housing construction program in P.E.I.

Rural Mortgage Lending Support Program

The Rural Mortgage Lending Support Program was introduced in 1986 to ensure that households wishing to construct their own homes, or to buy existing homes, in rural areas have access to conventional mortgage financing at market

rates. Prior to the introduction of this program some households experienced difficulty in obtaining sufficient mortgages in rural areas. Through the Rural Mortgage Lending Support Program, the Province provides a supply of long-term loan funds to the Prince Edward Island credit unions. In turn, the credit unions use the funds to provide rural homeowners with conventional mortgages at fair market rates. Standard lending practices apply to the mortgage loans.

There was a continued substantial level of activity under the program in 1987/88. The Province, through the P.E.I. Housing Corporation, advanced a total of $1,750,000 to the credit unions. This supply of funds, plus some additional funds provided directly by the credit unions, was used to approve 56 mortgages averaging $33,734 per mortgage approval. Of these mortgages, 41 were for newly constructed homes and 15 were for the purchase of existing homes. Self-builders, who often have very limited access to adequate private mortgage funding, accounted for 36 of the mortgage approvals.

Second Mortgage Loan Program

A new initiative in 1987/88, the Second Mortgage Loan Program was introduced to ensure that adequate mortgage financing is available in all parts of P.E.I. to first-time homeowners. In most cases, a first mortgage from a lender is sufficient to provide the financing necessary to build or buy a home. There may be occasions, however, when additional financing is required. To remove this barrier to homeownership, the P.E.I. Housing Corporation will provide a repayable second mortgage loan of up to $15,000 to first-time homeowners who meet eligibility requirements. These include making a downpayment or equity contribution of at least 10% of the purchase price or construction cost, having a good credit rating and being able to afford the first and second mortgage loan payments as determined by standard lending practices. The interest rate on the second mortgage loan is set slightly higher than prevailing first mortgage loan rates. The maximum house price or construction cost cannot exceed $75,000.

There were 7 second mortgage loans, with an average amount of $9,821 per loan, approved by the P.E.I. Housing Corporation in 1987/88. While the program has a relatively limited client group, the loans have been important in ensuring that these prospective homeowners have been able to obtain a home in an area of their choice.

Helping Hands for Seniors

The 1987 Helping Hands for Seniors Project assisted 215 senior citizen homeowners, the highest such total in the six summers that this service has been offered. The 1987 project employed 21 students to provide free labour to the homeowners for such jobs as painting, yard clean-ups, stacking woodpiles, and sprucing up home exteriors. Approvals were made in 86 different communities. The students were employed under the Jobs for Youth Program, which is funded by the Department of Industry.

Program Activities in 1987/88

Program	Units/Approvals	Expenditures/Comments
Home Repair Programs		
Emergency Home Repair for Seniors	254	$ 137,400/grants
Provincial Contribution to Seniors	79	$ 46,100/grants
Home Ownership Programs		
Rural Mortgage Support	56	$ 1,750,000/loans
Second Mortgage Loans	7	$ 68,700/loans
Rental Construction		
Senior Citizens Housing	35	$ 1,610,000/constr.
Family Housing	28	$ 1,732,000/constr.
Special Purpose	16	$ 358,000/constr.
Portfolio Administration		
Senior Citizens Housing	1,047	maint. & admin.
Family Housing	314	maint./admin. assist.
Social Housing	51	maint. & admin.
Rural & Native	36	maint. & admin.
Rural Community	13	maint. & admin.
Mortgage Administration		
Mortgages Administered	375	$ 4,900,000 mortgage value

Interim Report (April-December 1988)

The Period in Review

A healthy provincial economy and a positive housing market climate helped spawn the most active new construction market for housing in 1988 that P.E.I. has seen in the 1980's. Building permits were issued for 1,209 new dwelling units with an estimated construction value exceeding $68 million. This represented an increase of about 20% in new residential construction in 1988, the largest such growth rate for any Canadian province. Although this level of new construction exceeded the projected annual market requirements for the province, the new housing continued to be in demand and was being absorbed well into the market. Rental vacancy rates in October in both the Charlottetown and Summerside areas, for example, were under the 3% mark despite near record levels of apartment construction.

For the households who cannot afford market housing, the Provincial and Federal Governments continued to fund a very active social housing construction program. The P.E.I. Housing Corporation had commenced delivery of 42 units of housing for seniors, families and special purpose groups by year's end as compared to 73 units in 1987. The difference was made up, however, by expanded housing production through Canada Mortgage and Housing Corporation. In total, there were commitments or starts made for 174 federally and provincially funded new social housing units in P.E.I. in 1988.

The renovation market also continued to be very strong in the province in 1988. Home repairs and improvements generate a similar level of construction expenditures in the housing sector as new construction and, since they are more labour intensive, help create an even greater potential for employment growth. As of December, the two Housing Corporation home repair programs were on pace to exceed their activity in 1987/88.

Emergency Home Repair Program for Seniors

As of December 31, 1988, approvals had been issued for 270 grants under the program for the 1988/89 fiscal year. The assistance provided through these approvals amounted to $148,800.

Provincial Contribution to Seniors—Home Repair Program

Groups were active in 1988 in the Southern Kings & Queens and the West Prince regions. Both groups had made repairs on 47 homes each and had combined to take up $54,400 in provincial grant assistance.

Rural Mortgage Lending Support Program

The Province advanced a total of $2.5 million in 1988 to credit unions in order to ensure an adequate supply of mortgage funds in rural areas. In turn, the credit union offices used these loan funds to make 76 mortgage loans possible.

Second Mortgage Loan Program

Six second mortgage loans, averaging $7,200, were approved by the Housing Corporation in the April-December period to make homeownership possible for these households.

Senior Citizens Housing

The Housing Corporation awarded contracts for a new residence in Sherwood that will add 20 units in the high demand Charlottetown area.

Projects in Summerside (20 units), Souris (7 units), Georgetown (4 units) and St. Louis (4 units) were completed during the year.

Family Housing

Contracts were awarded for 8 units of Family Housing in both the Town of Summerside and the City of Charlottetown. These projects are being federally funded. Projects were also completed in the Charlottetown Area (14 units), Summerside (8 units) and Montague (6 units).

Special Purpose Housing

Plans were approved for a six bed group home in Sherwood to provide housing for mentally handicapped adults. The home will be administered by the Department of Health and Social Services.

Helping Hands for Seniors

The 1988 summer project assisted 201 senior citizen households.

Corporate Organization

Background

The Prince Edward Island Housing Corporation is a provincial crown corporation whose central objective is to provide low and moderate income Island residents with increased access to adequate housing. The Province first initiated its own housing programs in the early 1960's when boards and agencies were established to undertake Senior Citizens Housing, Co-operative Housing and Family Housing projects. These agencies were brought together in 1969 as part of the Prince Edward Island Housing Authority. A revision of the housing legislation in 1975 changed the name of that body to its current designation, the Prince Edward Island Housing Corporation.

To carry out the Province's mandate in the housing sector, the Housing Corporation employs a staff of 39.5. Responsibilities of the staff include program and service delivery, maintenance, capital construction, administration, planning, financial management and rent review. The Corporation provides full-time services on a regional basis in all five of the province's regions. Approximately two-thirds of the Corporation's staff is located in the regional offices.

Organizational Structure

The activity of the Housing Corporation is conducted under the guidance of the Board of Directors. The Board is responsible to the Minister designated as responsible for the Prince Edward Island Housing Corporation. It has been traditional that the Minister is also appointed as Chairman of the Board. The chief executive officer is the General Manager. Reporting to the General Manager are the Rentalsman (as at December 1988) and the directors of the Corporation's four divisions.

The Field Services Division is responsible for the program delivery functions of the Housing Corporation. It is the largest of the Corporation's divisions and provides the staff for the five regional offices. Most members of the public have their contact with the Corporation through Field Services staff. Among the tasks performed by the Division are processing applications for assistance, conducting inspections, managing the housing stock owned by the Corporation, providing technical and administrative assistance to the local housing authorities, performing inspections for the Province on privately operated community care facilities and handling the day-to-day program inquiries.

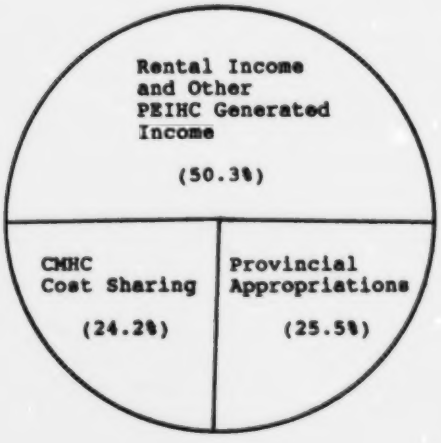
The Construction and Technical Services Division is responsible for the construction of capital projects for the Housing Corporation. Its duties include locating and evaluating sites for the projects, land acquisition, liaising with architects on project designs, reviewing tender package submissions in co-operation with CMHC, supervising the tender calls, monitoring construction and accepting the completed projects. The Division also provides technical services advice, where required, to Field Services.

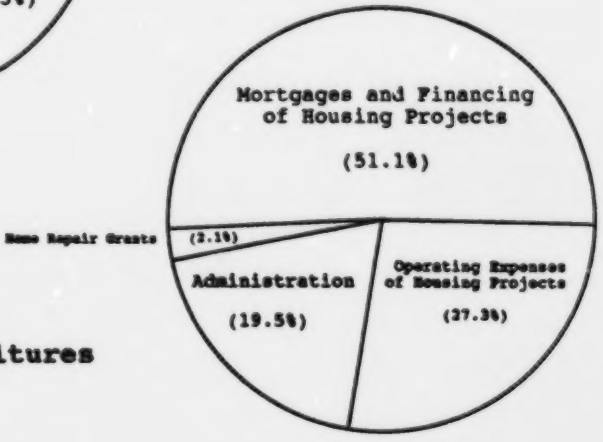
The Management Services Division is responsible for the financial administration and management systems of the Housing Corporation. In the area of financial operations, the Division is responsible for preparing the Corporation's budget, monitoring spending, cheque disbursements, accounting records and financial control. The Division receives all mortgage and rent payments to the Corporation and administers the collection and arrears procedures. With respect to management systems, the Division is responsible for personnel, office operations including equipment and supplies, operating the Corporation's computer system, activity reporting for programs and reviewing procedures for efficiency.

The Planning and Co-ordination Division is responsible for policy development and review and for providing a full range of planning services, including assessment for housing needs, market analysis, program planning and maintenance of statistical records and housing data. The co-ordination functions include working with other divisions in scheduling program delivery and budget take-up, reviewing program procedures and providing resource assistance, and the responsibility for liaison and negotiations with federal, provincial and municipal agencies. Public information also falls under the mandate of the Division.

Corporate Revenue (1987/88)

$9,049,400





Corporate Expenditures (1987/88)

$9,049,400

The Office of the Rentalsman

Historical Overview

1988 was a year of significant change for the Office of the Rentalsman. After 13 years of operation, the Office was preparing for a new residential rental act, a new set of responsibilities and a new title.

The Office of the Rentalsman was created in 1975 as part of Prince Edward Island's response to the federal anti-inflation initiatives of that time. The Province passed the Rent Review Act in that year and made the Office of the Rentals man responsible for its administration. Under this Act, Executive Council annually established a percentage increase that landlords of residential rental premises could, if they felt it necessary, add to the rents of their tenants. A landlord seeking to raise rents by more than the allowable percentage had to make an application to the Rentalsman. The Rentalsman was responsible for deciding on the application after giving consideration to such factors as operating costs, expenditures for maintenance and capital improvements. John A. Comeau was appointed as the Rentalsman in 1975 and served in that position for the duration of the Office.

The operation of the Office of the Rentalsman remained largely unchanged during its 13 year history with a couple of significant exceptions. In 1980, the Office was given a responsibility to play a advisory role in connection to Part V (Residential Tenancies) of the Landlord and Tenant Act. This Act covered the rights and responsibilities that the parties to a rental agreement had to one another. While the adjudication of disputes arising from these responsibilities remained with the courts, the Rentalsman played a role in answering inquiries on the Act and in outlining its provisions. Another change saw the integration of the Office, in June 1981, with the P.E.I. Housing Corporation. This change, while not affecting the authority of the Office, assisted in its operations and delivery of services to the public.

Rental legislation has, at times, been a contentious issue in almost all Canadian jurisdictions, and P.E.I. was no different in this regard. In response to the concerns being expressed here, the Provincial Government began a public process in 1986 to seek input for improved rental legislation. The process included public hearings before Special Committees on Legislative Proposals in 1986 and 1987. The reports of these committees provided the basis for the drafting of the Rental of Residential Property Act. This Act was designed to replace the Rent Review Act and Landlord and Tenant Act, to consolidate the provisions relating to residential rental properties, and to make numerous changes as recommended through the review process. Among the changes to be made was the creation of the position of Director of Residential Rental Property to replace the Rentalsman. The Director will have an expanded role under the new Act that includes overseeing a wider range of rental concerns and increased investigative and decision making powers.

The Rental of Residential Property Act was passed by the Provincial Legislature and assented to on May 17, 1988. Before it could be put into operation, however, it was first necessary to develop the accompanying Regulations to the Act and to prepare the necessary administrative procedures. These tasks were carried out during the remainder of 1988.

Activities in 1988

In addition to preparing for the implementation of the Rental of Residential Property Act, the Office of the Rentalsman continued to carry out its responsibilities under the Rent Review Act and Landlord and Tenant Act. The allowable percentage of rent increase approved by Executive Council for 1988 was 4%. Reflecting the general stability in operating costs and the gradual rise in vacancy rates to more optimal levels, the number of applications for rent increases exceeding the allowable percentage fell from that of preceding years. The number of units involved in the applications, for example, was the smallest since 1980.

Table 1
Applications and Decisions

Applications 1988	**No. of applications**	**No. of units**
Applications for Rent Increases		
Montly Dwelling Units	46	143
Trailer Park Lots	3	165
Applications to Discontinue Service	3	3
Total Applications	52	311

Decisions 1988	**No. of orders**	**No. of units**
Decisions on Rent Increases		
Monthly Dwelling Units	40	143
Trailer Park Lots	3	165
Decisions on Discontinued Service	2	2
Total Orders Issued	45	310

Table II

Rent Increases Sought and Approved For Residential Dwelling Units, 1988

Applications Approved as Applied For	
Number of Units	46
Average Rent at Application	$301.70
Average Increase Requested	$ 57.50
Average Rent Requested and Approved	$359.20
Average Percentage Increase	19.1%
Applications Not Approved as Applied For	
Number of Units	97
Average Rent at Application	$393.31
Average Increase Requested	$ 43.09
Average Percentage Requested	11.0%
Average Increase Approved	$ 24.55
Average Rent After Approval	$417.86
Average Percentage Increase	6.2%
Consolidated Information	
Number of Units	143
Average Rent at Application	$363.84
Average Increase Requested	$ 47.72
Average Percentage Requested	13.1%
Average Increase Approved	$ 35.15
Average Rent After Approval	$398.99
Average Percentage Increase	9.7%

The Rentalsman's Office also processed 3 applications involving 165 trailer park lots. The average increase sought was 17.6% while approval was given for 16.6%.

Financial Statements

AUDITOR'S REPORT

To The Board of Directors of The
Prince Edward Island Housing Corporation

I have examined the balance sheet of the Prince Edward Island Housing Corporation as at March 31, 1988 and the statement of revenue and expenses for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1988 and the results of its operations for the year then ended in accordance with the basis of accounting disclosed in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.

J. Wayne Murphy, C.A.
Auditor General

Charlottetown, Prince Edward Island
June 16, 1988

PRINCE EDWARD ISLAND HOUSING CORPORATION **STATEMENT 1**

BALANCE SHEET

AS AT MARCH 31, 1988

(with comparative figures at March 31, 1987)

ASSETS

	1988	1987
Current Assets		
Cash	$ 57,200	$ 124,700
Accounts Receivable	549,600	467,900
Deposit Receipts - Note 1(a).	255,800	235,800
	862,600	828,400
Notes Receivable - Note 2	3,704,800	1,822,500
Mortgages Receivable	4,588,400	5,212,500
Investment in Properties		
Agreements of Sale - Note 3	479,700	583,700
Land for Resale or Development - Note 4	1,225,700	1,470,200
Federal-Provincial Projects - Note 5	6,459,100	6,453,900
Rental Housing Projects - Note 6	35,462,200	30,246,200
	43,626,700	38,754,000
Other Assets - Schedule 1	109,200	142,900
TOTAL ASSETS	$52,891,700	$46,760,300

LIABILITIES AND EQUITY

	1988	1987
Current Liabilities		
Bank Indebtedness - Note 7	$ 250,000	$45,100
Accounts Payable and Accrued Liabilities - Note 8	2,391,300	2,106,300
	2,641,300	2,151,400
Long Term Liabilities		
CMHC - Note 9	13,149,500	13,961,100
Province of P.E.I. - Note 10	12,535,600	9,949,800
Other - Note 11	19,809,200	15,965,300
	45,494,300	39,876,200
Reserves		
Co-operative and Social Housing - Note 1(a)	140,200	157,000
Replacement Reserve - Note 1(a)	82,800	55,200
	223,000	212,200
Equity contributed by the Province of P.E.I. - Schedule 2	4,533,100	4,520,500
TOTAL LIABILITIES AND EQUITY	$52,891,700	$46,760,300

(THE ACCOMPANYING SCHEDULES AND NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS)

PRINCE EDWARD ISLAND HOUSING CORPORATION
STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDED MARCH 31, 1988
(with comparative figures for the year ended March 31, 1987)

	1988	1987
Revenue		
Appropriations from the Province of P.E.I.	$2,309,000	$2,349,600
CMHC operating cost recoveries	2,187,900	1,775,800
Administration fees	40,000	81,800
Rental income	3,543,200	3,203,500
Interest income	920,600	789,400
Sundry - Schedule 3	48,700	40,200
Total Revenue	9,049,400	8,240,300
Expenses		
Administration - Schedule 4	1,769,000	1,770,900
Operating - Senior Citizens Housing - Schedule 5	2,469,000	2,396,600
Interest	4,624,500	3,885,600
Grants issued - Schedule 6	186,900	187,200
Total Operating Expenses	9,049,400	8,240,300
Operating income (loss) for the year	$ -	$ -

(The accompanying schedules and notes are an integral part of these financial statements)

SCHEDULE 1

PRINCE EDWARD ISLAND HOUSING CORPORATION
OTHER ASSETS
MARCH 31, 1988

	1988	1987
Emergency Power Generators - Note 12	$ 60,800	$ 73,000
Repossessed Properties	21,700	55,500
Prepaid Expense	21,800	7,700
Stores Inventory	4,900	6,700
	$ 109,200	$ 142,900

SCHEDULE 2

PRINCE EDWARD ISLAND HOUSING CORPORATION
EQUITY CONTRIBUTION BY THE PROVINCE OF P.E.I.
MARCH 31, 1988

Beginning balance - April 1, 1987		$ 4,520,500
Additions for the year - Manors		44,100
Deductions for the year		
-Senior Citizens Housing	$ 1,600	
-Family Housing	2,400	
-Land Inventory - Note 13	27,500	(31,500)
Ending balance - March 31, 1988		$4,533,100

SCHEDULE 3

PRINCE EDWARD ISLAND HOUSING CORPORATION
SUNDRY INCOME
MARCH 31, 1988

	1988	1987
Family Housing - Operations	$ 36,000	$ 36,800
Gain on Sale of Land	11,800	-
Other	900	3,400
	$ 48,700	$ 40,200

SCHEDULE 4

PRINCE EDWARD ISLAND HOUSING CORPORATION
ADMINISTRATION EXPENSES
MARCH 31, 1988

	1988	1987
Salaries	$ 1,391,900	$ 1,391,200
Travel	83,400	84,500
Office and Administration	293,700	295,200
	$ 1,769,000	$ 1,770,900

SCHEDULE 5

PRINCE EDWARD ISLAND HOUSING CORPORATION
OPERATING EXPENSES — SENIOR CITIZENS HOUSING
MARCH 31, 1988

	1988	1987
Repairs and Maintenance	$ 1,421,200	$ 1,352,500
Fuel	399,100	447,300
Utilities	235,500	215,000
Property Taxes	347,600	323,500
Depreciation	65,600	58,300
	$ 2,469,000	$ 2,396,600

SCHEDULE 6

PRINCE EDWARD ISLAND HOUSING CORPORATION
GRANTS ISSUED
MARCH 31, 1988

	1988	1987
Mortgage Subsidies	$ 5,500	$ 6,400
Home Improvement Assistance	181,400	180,800
	$186,900	$ 187,200

PRINCE EDWARD ISLAND HOUSING CORPORATION
NOTES TO FINANICAL STATEMENTS
MARCH 31, 1988

1. Significant Accounting Policies:

   (a) Trust Reserves are set aside for contingencies in co-operative and social housing and are offset by investments in deposit receipts with the Province of P.E.I.
   Replacement reserves are in place on certain rental properties as required by agreements with C.M.H.C. and those funds are also invested in deposit receipts with the Province of P.E.I.

   (b) With the exception of Social Housing properties, depreciation on rental properties is equal to the principal reduction in the corresponding long term indebtedness with Canada Mortgage and Housing Corporation and private lenders.

   Depreciation is not recorded on Social Housing as the Corporation is hopeful of selling these properties to prospective tenants at cost.

   (c) Federal-Provincial project costs are amortized over the life of the Federal-Provincial agreement. Accumulated amortization represents principal reductions to date on the original investment of the Province of P.E.I.

   (d) Long term liabilities include the current portions of the long term debt.

2. The Corporation expanded into an arrangement with the P.E.I. Credit Union League whereby long term loan funds were provided by the Corporation for use by the League in providing real property mortgages in rural areas of the Province. The loans are secured by a priority assignment on the mortgage assets of the League. The indebtedness at March 31, 1988 includes $3,472,800 in long term loans and $232,000 in accrued interest.

3. Investment in properties under agreements of sale are recorded at cost less tenants' equity.

	1988	1987
Cost	$ 632,000	$ 736,900
Tenants' Equity	(152,300)	(153,200)
	$ 479,700	$ 583,700

4. Investment in land for resale or development consists of the following:

	1988	1987
Investment in developed land - at appraised values	$ 596,200	$ 854,300
Undeveloped land - Hillsborough Development - at appraised values	339,200	410,000
Other undeveloped land - at cost	290,300	205,900
	$ 1,225,700	$ 1,470,200

Investment in developed land is based on 1983 appraisal values of Wilson Real Estate Co. Ltd. An appraisal writedown of $851,300 was recognized in the 1983 financial statements of the Housing Corporation. Investment in undeveloped land – Hillsborough Development – is based on March 25, 1986 appraisal values provided by Wilson Real Estate Co. Ltd. on two parcels of the undeveloped land holdings in Hillsborough Development. Based on that appraisal, the Housing Corporation reduced the value of land held for development or resale by $1,000,000. That writedown was recognized in the 1986 financial statements. During the year interest costs totalling $18,000 were capitalized to the other undeveloped land account.

5. Investments in Federal-Provincial projects are recorded at the Housing Corporations's cost less accumulated amortization and consists of the following:

	1988	1987
Family Housing	$ 2,229,200	$ 2,207,000
Senior Citizens Housing	3,930,400	3,930,400
Rural and Native Housing	350,100	358,200
Sub-totals	6,509,700	6,495,600
Less: Accumulated Amortization	(50,600)	(41,700)
	$ 6,459,100	$ 6,453,900

6. Rental Housing properties are recorded at cost less accumulated amortization and consist of the following:

	1988	1987
Family Housing	$ 3,052,500	$ 684,000
Senior Citizens Homes	12,573,600	9,690,700
Homes for Special Care	20,604,800	20,490,900
Social Housing	77,000	108,700
Sub-total	36,307,900	30,974,300
Less: Accumulated Amortization	(845,700)	(728,100)
	$35,462,200	$30,246,200

During the year the following interest costs were capitalized on construction projects.

Family Housing	$ 58,800
Senior Citizens Homes	96,900
Homes for Special Care	2,800
	$ 158,500

7. Bank indebtedness is guaranteed by the Province of P.E.I.

8. The Corporation has contractual obligations of $1,280,300 on the following construction contracts.

	Total Contracts	Amount Billed to Mar. 31, 1988	Obligations
Senior Citizen and Family Housing Units	$2,579,400	$1,299,100	$1,280,300

Also, the Corporation is contingently liable for the following:

To approved program applicants for home repair grants	$6,500
To Canada Mortgage & Housing Corporation for Residential Rehabilitation Assistance Program Fund recipients	15,900
Total	$22,400

9. Loans payable to Canada Mortgage and Housing Corporation consist of the following:

	1988	1987
Mortgages Payable	$ 4,106,100	$ 4,157,000
Debentures Payable	5,984,100	6,257,100
Loans Payable	3,059,300	3,547,000
	$13,149,500	$13,961,100

The above amounts include more than 100 individual balances at varying interest rates and maturity dates.

10. Long term liabilities to the Province are made up of approximately 40 loans having varying interest rates and maturity dates.

11. Other long term liabilities consist of the following:

Mortgage obligations:

Homes for Special Care:	**1988**	**1987**
Mutual Life (Riverside Home) 12.875% payable in equal monthly installments of principal and interest of $46,157.40 with final payment in October, 2020.	$4,340,300	$ 4,349,200
Canada Life (Wedgewood Home) 14% payable in equal monthly installments of principal and interest of $47,387.09 with final payment in November, 2019.	4,121,100	4,128,400
Co-operative Trust (Beach Grove) 12.625% payable in equal monthly installments of principal and interest of $75,899.00 with final payment in September, 2021.	7,277,600	7,293,200
Group Home Rental Units:		
Royal Bank (Inkerman Blvd.) 11.75% payable in equal monthly installments of principal, interest and taxes of $748.10 with final payment in January, 2009.	59,400	60,500
Royal Bank mortgage (Southport) 11.50% payable in equal monthly installments of principal, interest and taxes of $653.24 with final payment in October, 2014.	57,800	58,100
Royal Bank mortgage (Woodward Dr.) 11.5% payable in equal monthly installments of principal, interest and taxes of $830.45 with final payment in January, 2015.	75,500	75,900

	1988	1987
Senior Citizens Housing:		
Co-operative Trust (Ch'town) 11.237% payable in equal monthly installments of principal, interest and taxes of $17,550.00 with final payment in December, 2022.	1,768,400	-
Co-operative Trust (Montague) 10.987% payable in equal monthly installments of principal, interest and taxes of $3,335.000 with final payment in September, 2022.	328,200	-
Co-operative Trust (Souris) 10.987% payable in equal monthly installments of principal, interest and taxes of $2,389.00 with final payment in July, 2022.	242,900	-
Family Housing		
Co-operative Trust (Ch'town) 11.237% payable in equal monthly installments of principal, interest and taxes of $4,306.00 with final payment in December, 2002.	433,400	-
Co-operative Trust (Hillsborough Park 1) 10.737% payable in equal monthly installments of principal, interest and taxes of $2,000.00 with final payment in July, 2022.	203,800	-
Co-operative Trust (Hillsborough Park 2) 11.237% payable in equal monthly installments of principal, interest and taxes of $2,255.00 with final payment in October, 2022.	223,000	-
Co-operative Trust (Souris 1) 11.237% Payable in equal monthly installments of principal, interest and taxes of $2,175.00 with final payment in February, 2023.	216,300	-
Co-operative Trust (Souris 2) 11.237% payable in equal monthly installments of principal, interest and taxes of $1,215.00 with final payment in February, 2023.	121,700	-

Co-operative Trust (S'side) 10.987% payable in equal monthly installments of principal, interest and taxes of $3,410.00 with final payment in September, 2022.	339,800	-
	$19,809,200	$15,965,300

These mortgages are secured by land and buildings.

12. The Corporation's share of the cost of an emergency power installation program at its Senior Citizens Homes had been set up as an asset to be depreciated over a period of 10 years. The annual depreciation charge which commenced April 1, 1983 is $12,200.

13. During the year the Corporation transferred its vacant land holdings in the Community of Tignish Shore to the Community as there was no expectation that the land would be required for the Corporation's purposes in the forseeable future. The land was transferred without compensation and the Corporation's book value of $55,400 was written off. Of that total an amount of $27,500 had been contributed by the Province when the land was originally acquired in 1976. The remaining balance of $27,900 was expensed to operations and is included in the administration expenses on the statement of income.